

**UNITED STATES BANKRUPTCY COURT
DISTRICT OF NEW JERSEY**

Caption in Compliance with D.N.J. LBR 9004-1(b)

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<p>In re: BLOCKFI INC., <i>et al.</i>, Debtors.¹</p>	<p>Chapter 11 Case No. 22-19361 (MBK) Jointly Administered</p>

¹ The Debtors in these Chapter 11 cases, along with the last four digits of each Debtor's federal tax identification number, are: BlockFi Inc. (0015); BlockFi Trading LLC. (2487); BlockFi Lending LLC (5017); BlockFi Wallet LLC (3231); BlockFi Ventures LLC (9937); BlockFi International Ltd. (N/A); BlockFi Investment Products LLC (2422); BlockFi Services, Inc. (5965) and BlockFi Lending II LLC (0154). The location of the Debtors' service address is 201 Montgomery Street, Suite 263, Jersey City, NJ 07302.

**FIRST INTERIM APPLICATION FOR ALLOWANCE OF FEES AND
REIMBURSEMENT OF EXPENSES TO M3 ADVISORY PARTNERS, LP**

TO: THE HONORABLE MICHAEL B. KAPLAN
UNITED STATES BANKRUPTCY JUDGE

The Application of M3 Advisory Partners, LP (“M3 Partners”), Financial Advisor to the Official Committee of Unsecured Creditors (the “Committee”), respectfully states to the Court as follows:

1. On November 28, 2022, the Debtor filed a Chapter 11 Petition in the United States Bankruptcy Court for the District of New Jersey [dkt #1].
2. On December 21, 2022, a Notice of Appointment of Official Committee of Unsecured Creditors was entered by the Court [dkt #130], and on December 22, 2022, an Amended Notice of Appointment of Official Committee of Unsecured Creditors was entered by the Court [dkt #131].
3. M3 Partners was retained to serve in the capacity of Financial Advisor to the Official Committee of Unsecured Creditors by Order of this Court dated March 20, 2023 [dkt #637], which retention was effective January 4, 2023. A copy of such retention Order is annexed hereto as **Exhibit "A"**.

1. The within Application represents M3 Partners First Interim Application as Financial Advisor to the Committee and covers the period January 4, 2023 through April 30, 2023 (the “First Interim Period”). M3 Partners previously filed four (4) monthly fee statements [Docket Nos. 741, 855, 939, and 1063] (together, the “Monthly Fee Applications”) covering the Application Period. The Monthly Fee Applications were also served upon the Debtors, the U.S

Trustee, and the other notice parties in accordance with the provisions of the Interim Compensation Order.

4. Incorporated by reference are M3 Partners timekeeper summaries included in the Monthly Fee Applications. These records detail (a) the name and title of each individual who provided services during the First Interim Period; (b) the aggregate hours spent by each individual for which compensation is sought by M3 Partners; (c) the hourly billing rate for each individual; and (d) the amount of fees for each such individual or for which compensation is sought by M3 Partners. Said timekeeper summaries reflect that M3 Partners has expended 4,246.3 hours in performing services for the Committee, resulting in charges of \$3,514,143.00. The blended hourly rate for compensation requested in this Application is approximately \$827.58 which your applicant believes is fair and reasonable in light of the nature of the services rendered and the expertise of the professionals rendering such services².

5. The Monthly Fee Applications also set forth a detailed breakdown of all out of pocket disbursements incurred by M3 Partners in the performance of its duties as Financial Advisor to the Committee, which total \$5,765.91.

6. Monthly Fee Applications were prepared and served pursuant to the Administrative Fee Order Establishing Procedures for the Allowance and Payment of Interim Compensation and Reimbursement of Expenses of Professionals Retained by Order of this Court entered on January 17, 2023.

² The blended rate is calculated by taking the total of the fees sought in this Application and dividing by the total of the hours billed by M3 Partners professionals during the First Interim Period.

Date Filed and Docket No.	Statement Period	Fees	Less 20%	Fee Payment Requested	Expense Reimbursement (100%)
(First) 4/14/23 Docket No. 741	1/1/23 – 1/31/23	\$1,211,841.50	(\$242,368.30)	\$969,473.20	\$1,662.07
(Second) 5/10/23 Docket No. 855	2/1/23 – 2/28/23	\$724,018.00	(\$144,803.60)	\$579,214.40	\$627.23
(Third) 5/19/23 Docket No. 939	3/1/23 – 3/31/23	\$980,197.50	(\$196,039.50)	\$784,158.00	\$1,621.96
(Fourth) 6/14/23 Docket No. 1063	4/1/23 – 4/30/23	\$598,086.00	(\$119,617.20)	\$478,468.80	\$1,854.65

7. Annexed hereto and made part hereof as **Exhibit "B"** is the Certification of M3 Partners, submitted in accordance with the provisions of Section 504 of the Bankruptcy Code.

8. All services for which M3 Partners requests compensation were performed during the First Interim Period on behalf of the Committee. During the First Interim Period, M3 Partners provided valuable financial advisory services to the Committee, which included analyzing the financial information prepared by the Debtors and advising the Committee with respect to the Debtors' cash flow projections, budgets, reorganization plans, cash and crypto receipts and disbursements, assets and liabilities, investigations into potential causes of action against insiders and the terms of various sale and restructuring proposals. M3 recorded time by project categories as required by the Guidelines. The following is a summary of the most significant professional services rendered by M3 Partners during the First Interim Period, organized in accordance with M3 Partners project categories:

Project Category	Description
Asset Sales	On an ongoing basis, M3 will meet with the Debtors' advisors and management to evaluate potential transactions, including sales and settlements of loans and other assets, as well as conducting due diligence on negotiations and counterparties
Case Administration	On an ongoing basis, M3 conferred with the UCC Committee, its advisors, and the Debtors' advisors to monitor various case issues, develop and execute its work plan, and manage risks and progress in these Chapter 11 Cases
Cash Budget	On an ongoing basis, M3 will evaluate, and diligence the Debtors' cash forecast and potential sources of liquidity including variances to prior cash forecasts, evaluating need for alternative liquidity sources, and expected and actual changes in crypto asset (coin) balances
Claims/Liabilities Subject to Compromise	On an ongoing basis, M3 will estimate and evaluate the claims pool and conduct analysis into potential recoveries under various scenarios affecting distributable value, claims class definition, priority, and issues relevant in the case such as asset ownership and claim type (e.g., coin type)
Court Attendance/ Participation	On an ongoing basis, M3 will prepare for and attend appropriate Court Hearings associated with the Chapter 11 process to represent the UCC and monitor case progress. inquires
Fee Application	On an ongoing basis, M3 will prepare employment and fee applications for itself
Financial & Operational Matters	On an ongoing basis, M3 will analyze the Debtor-in-possession's post-filing operations and issues related to its financial performance, liquidity, operating efficiency, and assess risks that may impact creditor recoveries or the businesses' viability
General Correspondence with Debtor & Debtor's Professionals	On an ongoing basis, M3 will communicate with the Debtors' professionals throughout the restructuring process, including in pursuit of diligence requests, requesting additional information from management, or addressing questions from the Debtors
General Correspondence with UCC & UCC Counsel	On an ongoing basis, M3 will communicate with the UCC Committee members, its counsel, and other advisors on topics including case strategy, workstream organization and progress, risk management, and addressing questions from other stakeholders and their advisors

Project Category	Description
Miscellaneous Motions	On an ongoing basis, M3 supports counsel through preparing diligence for motions and objections, reviewing the monthly operating reports, and preparing counsel and Committee members for hearings (e.g., First Day, 341A, motion approvals)
Potential Avoidance Actions/Litigation Matters	On an ongoing basis, M3 will complete analysis associated with potential investigations and in support of avoidance actions and any litigation matters
SOFAs & SOALS	On an ongoing basis, M3 will complete analysis of the Debtors' filed schedules and statements, including but not limited to reconciling filings with underlying support information and performing detailed diligence to assess the completeness and accuracy of information reported, as well as conduct ad-hoc analyses with SOFA/SOAL information

9. In summary, your Applicant has performed an extraordinary amount of varied services in this Chapter 11 case, for the benefit of the thousands of creditors in this Chapter 11 case.

10. Your applicant respectfully submits that the services rendered by your Applicant during the period covered by the within Fee Application were reasonable and were of significant benefit to creditors of the within bankruptcy case.

11. Your applicant respectfully submits that all services were essential and necessary and the complexity of this Chapter 11 case required such services.

12. In addition to the foregoing, your applicant respectfully directs the Court's attention to the detailed time records incorporated by reference and found in the Monthly Fee Applications, which set forth the specific services rendered.

13. In summary, your applicant has performed extensive services, which have benefited the Committee.

WHEREFORE, M3 Partners respectfully requests the entry of the annexed Order, granting a first interim allowance of compensation in the amount of \$3,514,143.00, together with reimbursement of actual out-of-pocket disbursements in the amount of \$5,765.91, for a total award of \$3,519,908.91.

Respectfully submitted,

By: /s/ Mohsin Y. Meghji

MOHSIN Y. MEGHJI

Dated: June 15, 2023